



European Commission
Directorate-General for Agriculture

Newsletter

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European Court of Justice confirms the extent of protection granted to the designations 'Grana Padano' and 'Parma ham'

It was an important step forward for producers of high-quality food products when the European Court of Justice on 20 May confirmed the extent of protection conferred by EU legislation on the designations 'Grana Padano' and 'Parma ham'.

Separate cases had been brought by producers of Grana Padano, and by the Consorzio del Prosciutto di Parma, against a food company (Ravil) and a retailer (Asda Stores Ltd) who argued that certain operations such as grating, slicing and packaging could be done further down the marketing chain, and outside the regions of origin of the products, without undermining the products' quality. The producers argued that their products' specifications expressly require that these operations be done in the region of production. The Court amalgamated the two cases and pronounced its judgment on both at the same time.

The Commission is satisfied that the European system of protection of geographical indication and designations of origin as intellectual property rights is recognised by the Court. The system contributes to the development of high-quality products corresponding to consumer demand and gives farmers and rural communities an opportunity to gain a better return from the marketplace.

This result of the European Court case will effectively mean that producers may insist that operations such as grating, slicing and packaging of renowned products take place in the region of production, **provided that they are necessary and proportional to the objective of protection of the designations.** As one press release after the Court's pronouncement put it, 'maintaining the quality and reputation of Grana Padano

cheese and Parma ham justifies the rule that the product must be grated or sliced and packaged in the region of production'.

The Court examined whether the specifications relating to the preparation and packaging of these products were necessary and proportional to the safeguarding of product quality and reputation. The Court found that they were. The Commission has always insisted that product specifications should not be abused. The Commission's regulation regarding legislation on the protection of designations of origin and geographical indications for agricultural products and foodstuffs was recently amended, making clearer that producers may determine whether packaging must take place in the limited geographical area in order to safeguard quality, ensure traceability or ensure control (as outlined in an article in the May newsletter ⁽¹⁾).

These Court judgments are an encouraging confirmation of the efficiency of the European system of protection of designations at a time when the EU is seeking the extension of stronger protection for geographical indications for products in the international arena (in the WTO Doha Development Round). Commissioner Fischler remarked recently that it is 'simply unacceptable for geographical descriptions, for example, to be used as trade marks and thus products named after their true origin to be excluded from the market. For example, Parma ham can be registered as a trademark in Canada and real Parma ham can then no longer be sold under its real name. The use of geographical indications by unauthorised persons or entities is also detrimental to consumers and legitimate producers'.

(1) Newsletter No 54: http://europa.eu.int/comm/agriculture/publi/newsletter/54/54_en.pdf

Commission to recover EUR 169.01 million of CAP expenditure from the Member States

On 15 May the Commission adopted a decision to reclaim nearly EUR 170 million in money misspent by Member States on agricultural measures.

The Member States in question had either not spent the money according to EU rules, or had inadequate controls

in place on legitimate expenditure. While Member States manage payments, the Commission has the responsibility to audit that expenditure and ensure that Member States spend taxpayers' money properly. As Commissioner Fischler said, 'European taxpayers have to be sure that their money is being correctly spent. The

Commission's duty is to recover funds that are misspent. And this is what we have done today'.

The Commission's system for recovering misspent sums, and ensuring that Member States have made correct use of the funds (the 'audit' procedure), is a vital instrument for controlling CAP expenditure. (See box)

In this case the reclaim concerns more than half the Member States, the most significant sums being:

- EUR 57.29 million charged to Greece for unsound management and lack of key controls in the arable crops sector;
- EUR 75.97 million charged to Italy for shortcomings in secondary controls in the arable crops sector;
- EUR 23.15 million charged to France for failure to comply with legislation in the wine sector.

How the 'audit' system works

[http:// europa.eu.int/comm/agriculture/fin/clearance/index_en.htm](http://europa.eu.int/comm/agriculture/fin/clearance/index_en.htm)

News in brief

❑ Commissioner Fischler delivers a quality message to the 'informal' Agriculture Council in Corfu

Commissioner Fischler made a statement to the Council of Agriculture Ministers on 13 May about the need for the EU to put more emphasis on promoting high-quality agricultural and food production — a theme promoted by the Greek Presidency. The Commissioner's main message was that 'quality will play an even greater role in our future agricultural policy and that therefore it will have to be given its own instrument within our future rural development policy (...) an agricultural policy not centred on quality is inconceivable today'.

Consumers want food to taste and look good, but also to have special quality characteristics (for example, free-range eggs, organic food). But such foods cost more to produce. Through rural development measures and funding, the EU can help train farmers to meet higher standards, providing them with direct aid, setting animal welfare standards that go beyond 'good agricultural practice', or by helping fund advertising of quality-labelled products.

The EU's existing policy is based on several quality-assurance measures (referred to in May's newsletter). Commissioner Fischler believes these are no longer sufficient to ensure farmers receive a decent return for their work, and that policy-makers should take a fresh look at how the EU can help farmers add more value to their products.

❑ Commission reports on information measures relating to the CAP

The Special Committee on Agriculture (SCA) also discussed a report from the Commission to the European Parliament and Council on the application of the EU regulation on information measures relating to the CAP ⁽¹⁾.

These measures, which are aimed at passing a clear message on what the CAP is about not just to farmers but to the wider public, have two main areas of activity: financing by Agriculture DG of 'public' actions such as publications, and the Commission's presence at fairs/shows, plus surveys of attitudes to the CAP; and, secondly, grants to aid the activities of, and Commission liaison with, EU farmers' organisations such as COPA ⁽²⁾, CEJA ⁽³⁾, national farmers' groups and other stakeholders. These are part-funded by those organisations. Agriculture DG has an average budget of EUR 6.5 million/year on these activities.

The SCA supported this twin approach in Corfu and urged more stability in spending in future on these useful information measures. There will be a review of the information measures, conducted by Agriculture DG's evaluation unit, in 2004. The efficacy of all measures and their value for money will be assessed.

⁽¹⁾ Council Regulation (EC) No 814/2000 of 17 April 2000 (OJ L 100, 20.4.2000).

⁽²⁾ Committee of Agricultural Organisations in the European Union.

⁽³⁾ European Council of Young Farmers.

